Annual Report 1983/84

BC Transit

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BC Transit

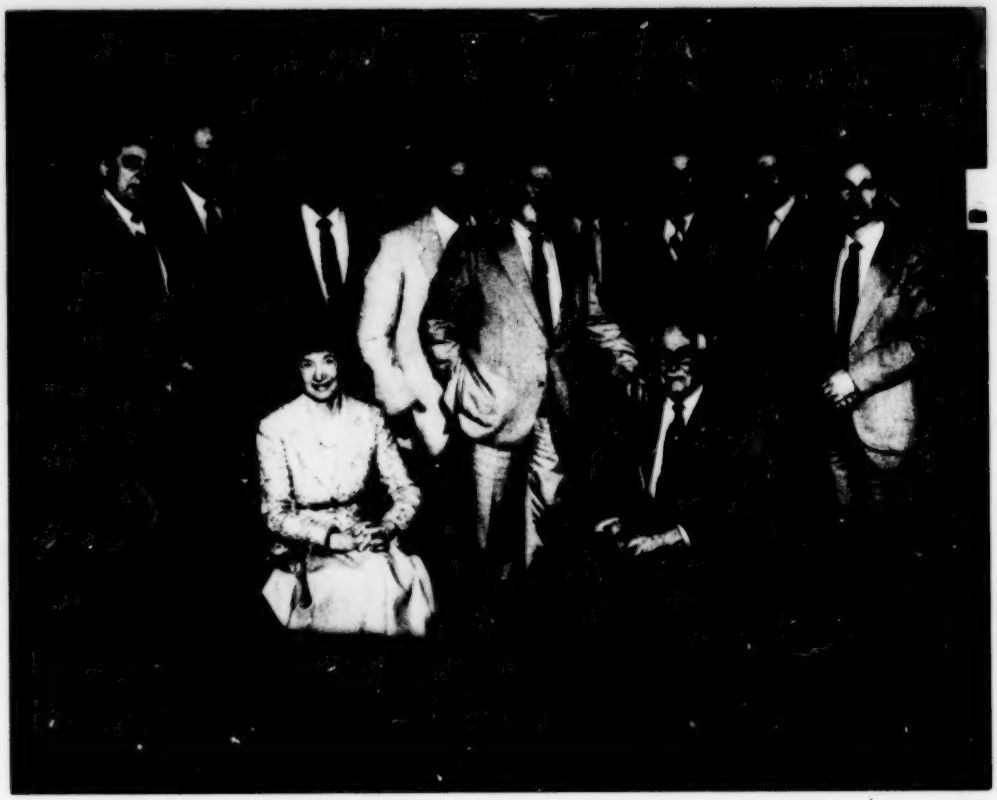
The Honourable Grace M. McCarthy
Minister of Human Resources
Province of British Columbia
Victoria, B.C.

Madam:

We have the honour to submit the Sixth Annual Report of BC Transit covering the period April 1, 1983 to March 31, 1984.

Derrick Humphreys
Chairman
August 1984

Board of Directors



Seated :

Alderman May Brown
City of Vancouver

Mayor Derrick Humphreys, Chairman
District of West Vancouver

Standing (left to right):

Mayor Mel Couvelier
District of Saanich

Alderman Frank Carson Vice-chairman
City of Victoria

Mayor Charles Lakes
City of Trail

Mayor William Lewarne
District of Burnaby

Alderman Warnett Kennedy
City of Vancouver

Mayor Elmer Mercier
City of Prince George

Lawrence Miller
General Manager

Alderman Alan Emmott
District of Burnaby

Mayor John Agnew
District of Mission

Executive Staff

Lawrence Miller
General Manager

R.G. (Bob) Lingwood
Assistant General Manager
Corporate Services

Dennis Cooney
Assistant General Manager
Finance

Larry Ward
Assistant General Manager
Planning and Marketing

Dale Olm
Executive Director
Labour Relations

Michael O'Connor
Administrator
Rapid Transit Project

CHAIRMAN'S REMARKS

The past year presented a number of challenges to BC Transit and the transit industry in general, as new provincial goals and municipal budget targets emerged from a changed economy.

With the municipal partners in transit and the local operating companies, BC Transit streamlined spending and acted to improve transit productivity and performance.

The Board of Directors of BC Transit responded in other ways to reduce costs. Early in the year, the Board recommended to the British Columbia government the appointment of local Commissions in Victoria and Vancouver.

The Commissions assumed the local government role from the Capital Regional District and the Greater Vancouver Regional District, when BC Transit became directly responsible for planning and marketing of the two metropolitan transit systems.

They have been in place for more than a year and have forged a strong commitment to public transit in the two regions. We have a good working relationship at the board level with the members of the Commissions, and I thank the two founding chairmen, Alderman May Brown of Vancouver and Alderman Frank Carson of Victoria, for their part in establishing and solidifying the Commissions' role.

At the Board's request the BC Transit Act was amended to grant the Commissions authority for setting fares, determining service levels and raising through taxation the local share of transit operating costs. This is done within a framework of a total transit budget determined in cooperation with the BC Transit Board.

In Vancouver, the Commission has dealt with a number of important issues. Very quickly, it has come to grips with them. Service standards for provision of public transit in both the urban area and the suburbs are now in place. A new fare structure has established a more equal sharing of the costs of transit to be borne by passengers.

Mayor Derrick Humphreys

The Victoria Commission has established a higher farebox recovery target and, like the Vancouver Commission, has decided to reduce the level of taxation required for the local share of transit costs. It has also instituted an innovative paratransit service on the Saanich Peninsula, an experiment with significance for transit systems throughout the province.

Construction of rapid transit in Vancouver, Burnaby and New Westminster began in earnest in 1983, and rapid progress has been made. In some sections of the project, work is ahead of schedule.

In January, 1984 the first guideway beam was erected and by March all major contracts for construction of the 12 sections of the line had been awarded. The January, 1986 target date for revenue service will be met within the $854 million budget.

Late in the year, Premier William Bennett announced government approval for planning to begin on a $200 million extension of the phase one line to Surrey. This welcome announcement ultimately means a more efficient rapid transit line by extending the system to many more residents of the Vancouver region.

As we anticipate the completion of the project and the beginning of a new era in transit, it is appropriate to reflect upon the changes which have occurred in the five years since BC Transit was established, originally as the Urban Transit Authority.

The transit program has matured and grown in that time, until today when there are 54 separate agreements with municipalities, regional districts and the Commissions, concerning the provision of conventional bus service, handyDART for disabled people and paratransit in rural areas.

We regret that because of budget constraints, the Board has not been able to answer affirmatively a number of outstanding requests for service from communities with a demonstrated need for basic transportation.

My Board also notes with sadness the death of one of its founding members, Alderman Fred Macklin of Kelowna. He served BC Transit very capably and provided strong direction as chairman during a challenging period.

Alderman Macklin was a vigorous and enthusiastic spokesman for public transit in British Columbia, and a man who accomplished much during his public career.

Fred Macklin

Founding member of the BC Transit Board of directors, 1978. Appointed Vice-chairman 1981, Chairman 1982-84.

GENERAL MANAGER'S REPORT

The 1983-84 year saw the confirmation of efforts designed to tailor organizational complexity while actively facing the challenge of economic restraint. Distinct actions have been taken to advance the mission of B.C. Transit:

> *To promote the economic and social well-being of the residents of British Columbia communities by providing efficient and effective public passenger transportation systems.*

Corporate goals have been enunciated to lead and direct all program and staff activities of BC Transit. Each division of the Authority has, in turn, identified respective objectives related to these overall goals.

The achievement of these goals and objectives will require a well-defined, cohesive approach to the tasks ahead of BC Transit in a restrained fiscal environment. There remain, however, outstanding demands for new and expanded transit services in the Province which have been postponed.

To meet the formidable task of maintaining balanced public transit services and ensuring basic service quality is not jeopardized, BC Transit has engaged in a program of continuous evaluation and restructuring of service to better utilize resources.

As confirmed by the Board of BC Transit, the corporate preference is to enhance or improve the effectiveness of transit delivery wherever possible.

The commitment to providing a basic level of mobility to 90% of all British Columbians, matched and responsive to changing local environments, continues to be the compelling mandate of BC Transit and our programs are designed to achieve this objective.

The year's particular highlight is the construction of Vancouver's Regional Rapid Transit System. We can look forward to Expo '86 and an integrated transit network which will serve the Lower Mainland — by Sea-Bus, ALRT, diesel and trolley buses, and paralleled by handyDART.

The following pages outline program activities and accomplishments of BC Transit during the year.

Vancouver Regional Transit System carried 93 million passengers in 1983.

CORPORATE SERVICES

This new division within BC Transit was created to group together those components which directly serve planning, marketing and transit operations.

It includes responsibilities for corporate communications, labour relations and personnel, management information systems, transit properties and vehicles, services which formerly were part of several separate divisions:

Corporate Communications

As marketing and transit system promotion activities were assigned to the planning and marketing division, the emphasis in corporate communications in the latter part of the year was on developing programs which emphasized BC Transit's corporate role.

The department continued an active publications program, produced a large number of news releases and speeches on BC Transit activities and supervised the production of a new version of **Moving People**, an audiovisual presentation which explains transit's place in the family of transportation services.

Labour Relations and Personnel

The primary focus in labour relations continued to be the need to exercise restraint in collective agreements. This difficult bargaining position was reflected in the loss of more than 3,000 man-days due to strikes of 10 days in Kamloops, a week in Prince George and periodic shutdowns in Vancouver and Victoria.

The average increase in collective agreements negotiated by transit operating companies and employees during 1983-84 was only .45%. This reflects the Board's specific posture of restraint and the general economic recession.

Another highlight of a busy year in labour relations was BC Transit's close involvement in the Labour Relations Board's consideration of an application by the Independent Canadian Transit Union to have BC Transit declared a "common employer" with Metro Transit Operating Company, or alternatively a "successor" to B.C. Hydro as operator of transit in Victoria and Vancouver.

The LRB also certified ICTU to represent employees of three Vancouver handyDART operators. By year-end, collective bargaining had commenced between the union and one of the operators.

During the year, the planning, marketing and administrative responsibilities exercised by the Capital Regional District and Greater Vancouver Regional District were absorbed by BC Transit's Victoria and Vancouver offices, with no increase in staff. The current staff complement stands at 75 positions.

The personnel department instituted an employee and career development program with the objective of enhancing the organization's existing training program.

Management Information Systems

A plan to establish a joint computer system for BC Transit and Metro Transit Operating Company was approved during the year. It included the establishment of one computer facility to serve both organizations, and the lease of computer equipment and selected software to meet the information requirements of the two partners.

Implementation of the plan, which will significantly reduce computer operating costs now incurred by BC Transit and Metro Transit Operating Company, will occur over the next two years. The new computer system will also greatly enhance transit's ability to provide meaningful and timely management information.

Provincial Fleet

The most important activity within the provincial fleet department, which has responsibility for the BC Transit-owned fleet of more than 1,200 buses, handyDART and paratransit vans used in transit systems across the province, was the integration of the 245 Flyer trolleys into the Vancouver Regional Transit System.

Significant problems developed in the electronic controls of the Canadian-designed trolleys, which forced the temporary withdrawal from service of most of the new buses. Permanent design changes to protect the electronic components from salt contamination and to improve insulation were to be incorporated on all trolleys.

In other highlights, a maintenance tracking system was developed and implemented to monitor performance of the new trolley buses and to maximize on warranty guarantees provided by the coach and propulsion system manufacturers. With Metro Transit Operating Company, a co-operative program to improve maintenance effectiveness was begun, which initiated necessary equipment changes and alternate methods of scheduling bus maintenance work.

BC Transit also established an improved insurance program as the corporation switched to a self-insurance plan. Safety seminars were organized to assist operators in achieving significant insurance savings.

New Flyer trolleys replaced 30-year-old Brills in Vancouver.

Transit Properties

Responsible for the management of $125 million in transit properties and other fixed assets, including garages, bus loops and transit centres, the property department completed several construction projects during the year:

Lonsdale Quay

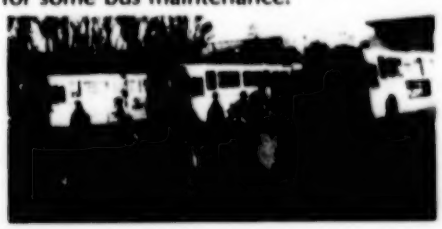
A new transit exchange opened at Lonsdale Quay where most North Vancouver bus routes meet at the northern terminus of Sea-Bus. Unique in several respects, the exchange is located at ground level in the ICBC headquarters building and can accommodate up to 10 buses at one time. Four hundred bus movements and an estimated 8,000 passengers are expected through the new exchange on an average weekday.

UBC Bus Loop

The University of British Columbia is a major destination for users of the Vancouver Regional Transit System, and a new loop was completed during the year to upgrade UBC bus service. It replaces the former on-street exchange with space for up to 15 buses to load and unload passengers and also will allow future trolley bus service, dependent on the extension of overhead wires from the terminus at Blanca.

False Creek Transit Centre

This replacement facility opened in 1983 and provided a new location for the Carrall Street yards, now part of the Expo 86 site. The False Creek Transit Centre provides off-peak bus storage and space for some bus maintenance.



New UBC bus loop opened in September.

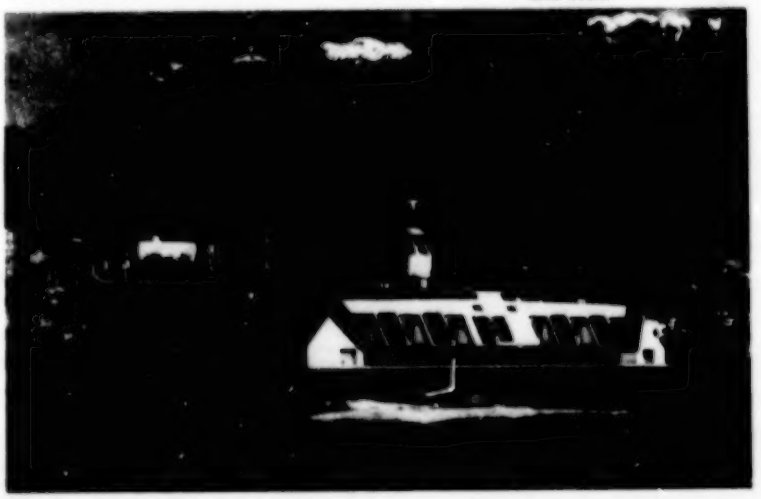
In addition, several projects were undertaken to upgrade or expand the Oakridge Transit Centre, the system's most important facility which houses the electric trolley bus fleet serving the City of Vancouver proper, and to renovate the heavy maintenance centre located at Cambie.

Planning and design studies were initiated for the new West Vancouver transit centre, to be located at McKay Creek in North Vancouver, for upgrading of the Surrey and North Vancouver transit centres and for a new heavy maintenance centre.

An important change affecting the trolley system took place with the transfer of the overhead wire network from B.C. Hydro to BC Transit on January 1, 1984. With Metro Transit Operating Company, the necessary accounting and reporting systems were established to deal with the inspection and maintenance of the 240 kilometres of overhead wires and 14 power substations. Soon after the change, planning began on a trolley overhead upgrading program.

In Victoria, a BC Transit property was renovated to provide a new operations centre for the Victoria regional handy-DART service.

Sea-Bus was repainted in the BC Transit red, white and blue.



FINANCE

During the year the basic groundwork was completed for the replacement of the corporate general ledger and management information and reporting system. Basic demands for information and the volume of work have overtaxed the present system. It is anticipated that this initial work will lead to a new, more cost-effective accounting and reporting system by the end of 1984.

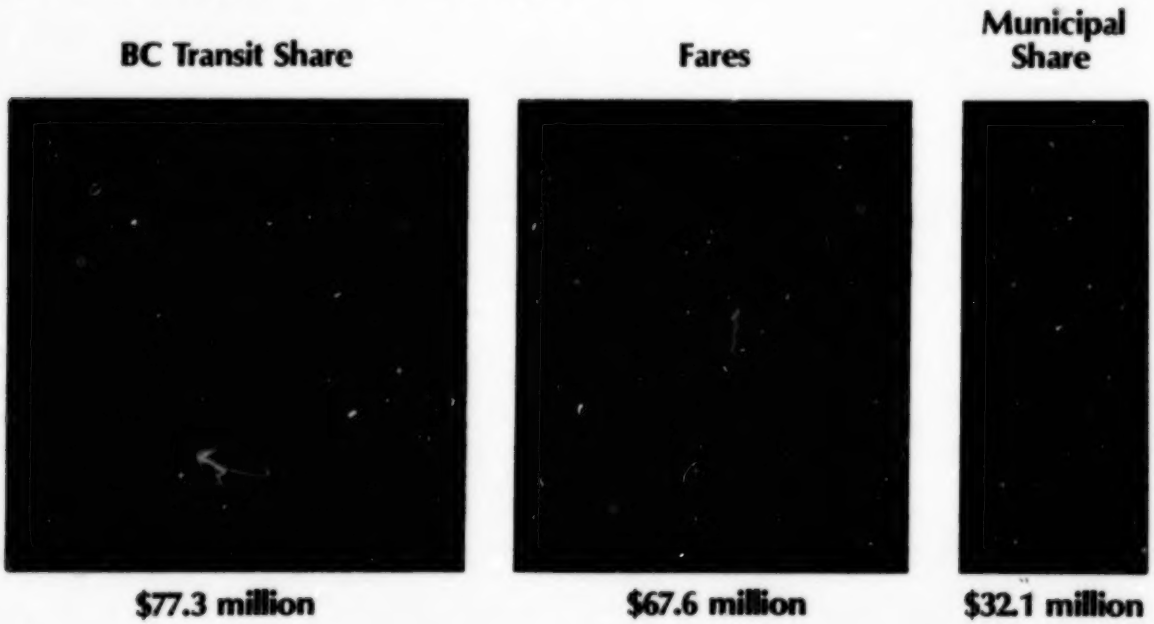
Financial planning and budgeting continued to be the division's primary activities, in conjunction with transit operating companies throughout the province.

The increased pace of construction of the ALRT project created additional responsibilities in the treasury area. New policies and procedures were developed to govern cash management and investment programs in this area.

Organizational changes had an impact on the administration of the finance division this year. The establishment of the joint project office for the Vancouver Regional Rapid Transit Project shifted responsibility for project financial control from the contractor, Metro Canada Limited, to BC Transit. BC Transit thus assumed direct responsibility for supplier payments and contract administration.

During the year, special issues relating to the project were handled within the finance management group. These included taxation policies, financial lease research, special audits, and the development of financial documentation for construction contracts.

Transit Expenditures 1983/84



PLANNING AND MARKETING

Organizational change in 1983 created a unified, less complex structure to deal with local transit matters, as regional transit commissions were established in Victoria and Vancouver. The members are appointed by the Board of BC Transit from local municipal councils and are responsible for decisions on fares and tax levels, bus routes and schedules, while planning of transit service is now carried out by BC Transit. An internal reorganization consolidated all planning and marketing functions under a single assistant general manager.

Vancouver Regional Transit System

Conventional Transit

The cost of operating conventional transit throughout the region rose by less than 2% to $139.2 million. Ridership improved by 1% to a total of 92.7 million trips. Operating revenue declined slightly to $54.9 million and cost recovery was 39%, also slightly lower than the previous year.

Three per cent fewer hours of revenue service were provided, but with adjustments and the elimination of some unproductive service there was a 4% increase in productivity.

Staff developed guidelines for evaluating the efficiency and effectiveness of existing service and to determine priorities for new or expanded service, which were endorsed by the commission. An area planning program was also initiated to review local transit networks, and four plans commenced in 1983/84.

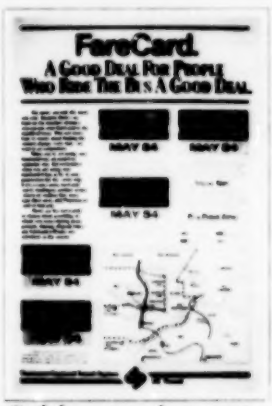
A major review of the West Vancouver bus service was completed and revised routes and schedules were established during the year, to tailor the service to demand. Marketing efforts focussed on timetable design revision, and new formats for bus stop signs and bus destination blinds.

An extensive review of bus fares was completed, which culminated in commission approval for a "fair share" fare plan implemented on April 1, 1984.

With a peak-hour system of three zones, the new fare structure is designed to encourage off-peak ridership and to bring fares into line with the cost of providing bus service.

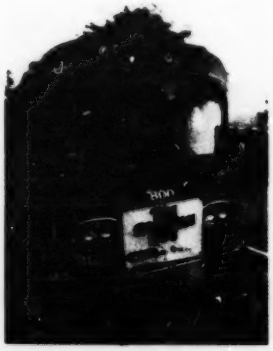
Custom Transit handyDART

Vancouver handyDART operators carried 370,000 passengers in 1983-84, an increase of 9% while the total cost of the service was $4.1 million, less than $200,000 greater than the previous year. Improved scheduling and new operating policies contributed to a 7% improvement in productivity.



Peak-hour zone fares went into effect April 1, 1984.

Two elements of the transit system: conventional bus and handyDART van.



Three-day "seat sale"—all fares 25¢—was held in October.

Passenger boards 9 Beacon Hill bus beneath Victoria cherry blossoms.

Musicians on "Bowman Bus" entertain passengers on first day of seat sale.

Commission chairman Ald. Frank Carson (left) hands over keys to new handyDART van.

Victoria Regional Transit System

Conventional transit

The Victoria bus system operated with total expenses of $18.5 million, 2% below 1982-83. Service levels were reduced 4% as unproductive time was trimmed from the schedule, resulting in a slight improvement in productivity. Revenue increased to a cost recovery figure of 41% although ridership dipped by 1% to 14.2 million passengers.

A highlight of transit marketing activities during the year was a three-day "seat-sale" in October when 25¢ fares applied throughout the system, resulting in a 21% improvement in ridership for the period.

Victoria handyDART

The door-to-door handyDART service experienced a 30% expansion in hours of service with a Commission decision to re-allocate funds from conventional to custom transit. With total expenses of $471,000 the system provided 38,000 trips for disabled residents of the region. Nine vans now offer essential transportation to more than 1,700 registered users.

A microcomputer was installed in the dispatch office to assist in registration of passengers, scheduling and dispatching — the first such application in Canada of a computer for disabled transportation.

Small Communities

Conventional service

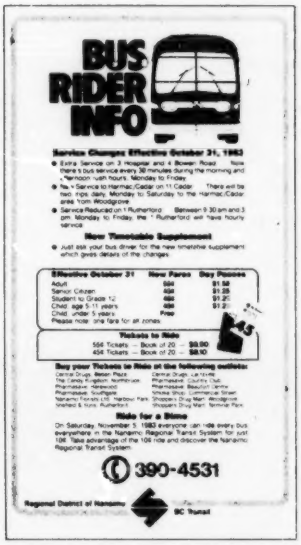
For the 21 small community bus systems, total spending for 1983/84 reached $13.4 million, 2% greater than the previous year. The number of passengers carried declined by 5% to 7.1 million, a reflection of the recession's impact on the many resource-based communities served by transit.

Service was reduced by 6%, which maintained productivity at former levels. Revenue improved slightly to $3.2 million for the year and cost recovery remained steady at 24%.

Planning continued to emphasize efficiency improvements through service adjustments and longer-term restructuring with transit development plans as the vehicle. Comprehensive transit plans were completed in four communities and five others were underway.

Marketing and public information activities were emphasized and efforts were targeted on groups with the potential for increased transit use, such as students, commuters and shoppers. Several co-operative promotions were held with shopping centres and downtown merchants, and their success at increasing ridership suggests an area which could produce increasing dividends for transit.

An early Xmas present for Kamloops!
Ride free all day
Saturday, December 3rd!
Thompson Park merchants are sponsoring the Kamloops Transit system for the entire day on Saturday, Dec. 3. Do your Christmas shopping downtown and travel there and back by bus free. Downtown transit exchange conveniently located at Thompson Park.
City of Kamloops
BC Transit



Interior bus cards, newspaper ads and posters were used in small communities.

Custom Transit and Paratransit

The 19 small community handyDART and paratransit systems spent a total of $1.4 million in 1983/84 providing more than 200,000 trips to mainly elderly and disabled people. Productivity improved by 5%.

Two of the larger handyDART systems, Kelowna and Kamloops, expanded service levels by 11% to take over service discontinued by the B.C. Lions Society for Crippled Children. Staff carried out service reviews for all systems and comprehensive three-year development plans were completed for Kamloops and Kelowna and begun for Vernon.

HANDYDART GOES FURTHER THAN OTHER PUBLIC TRANSPORTATION
HANDYDART PROVIDES PERSONAL DOOR-TO-DOOR TRANSPORTATION FOR DISABLED
PEOPLE, SO IF YOU NEED HELP GETTING AROUND, PHONE FOR COMPLETE DETAILS.
HANDYDART 563-1994

Posters promoted handyDART in interior cities.

RAPID TRANSIT

Full-scale transit construction of the 22-km Vancouver Regional Rapid Transit project began in 1983, following a successful five-month run of the demonstration line. This one-kilometre section along Terminal Avenue in Vancouver carried 300,000 people as the two-car train logged more than 29,000 kilometres.

It included an exhibition in the Main Street Station, officially opened in June by Premier Bill Bennett, which featured a scale model of the entire system, a working automatic ticket machine and a mock-up of a computer train control centre.

By the fall of 1983, construction activity commenced at many points along the phase one right-of-way and by year-end the project was ahead of schedule in several areas. The maintenance and control centre was almost complete and over 150 of the 1,044 concrete guideway beams were in place, part of 13 kms of elevated line.

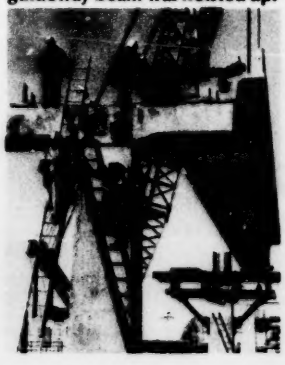
Contracts totalling $552 million had been awarded to year-end. During the year, the project budget was adjusted upwards to $854 million to allow for unforeseen expenses, including design and engineering changes resulting from discussions with municipalities and local agencies and enhancements to cope with the planned Surrey and Coquitlam extensions.

At year-end, just 15 months remained before testing and commissioning of the system prior to the official opening January 1, 1986.

Grace McCarthy, minister responsible for project, breaks ground in Burnaby with Mayor Bill Lewarne.

First guideway columns went up in Burnaby in the fall of 1983.

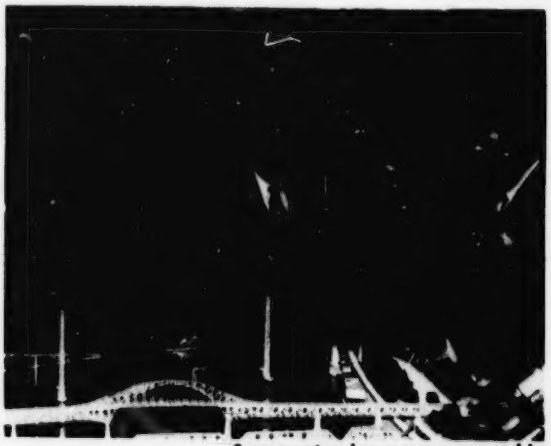
Early in 1984, first elevated guideway beam was hoisted up.



Completed guideway sweeps through Burnaby.

Rapid transit train leaves Main Street Station during five-month demonstration program.

Premier Bill Bennett officially opened demonstration line in June, 1983.



Surrey extension was announced in March, 1984 by the Premier, with MLAs Rita Johnston and Bill Reid.

Work went on 24 hours a day in the Dunsmuir Tunnel.

BRITISH COLUMBIA TRANSIT

BALANCE SHEET

As at March 31, 1984

Assets

	1984 ($000)	1983 ($000)
Operating Division		
Current Assets		
Cash and term deposits	$ 2,876	$ —
Accounts receivable		
Province of British Columbia	2,805	744
Municipalities	6,153	13,725
Sundry	613	301
Prepaid expenses	65	79
	12,512	14,849
Fixed Assets (note 3)	340	410
	12,852	15,259
Asset Division		
Current Assets		
Cash and term deposits	55,990	12,565
Accrued interest and accounts receivable	840	664
Receivable from the operating division	—	194
Parts inventory	855	383
Prepaid expenses	657	170
Current portion of mortgage receivable	100	—
	58,442	13,976
10% Mortgage Receivable, due March 31, 1989	700	—
Debenture Sinking Fund	399	—
Fixed Assets		
Land, buildings and equipment (note 4)	222,750	197,827
Advanced Light Rapid Transit (note 5)	374,434	158,719
Commuter rail	2,471	2,358
	599,655	358,904
	659,196	372,880
	$ 672,048	$ 388,139
Special Purpose Fund		
Cash and Term Deposits	$ —	$ 229

Approved by the Board

Director

Director

Liabilities and Equity

	1984	1983
Operating Division	($000)	($000)
Current Liabilities		
Accounts payable and accrued liabilities	$ 927	$ 603
Payable to contractors	10,415	13,113
Deferred revenue	1,225	1,064
Payable to asset division	—	194
	12,567	14,974
Equity		
Contributed surplus	285	285
	12,852	15,259
Asset Division		
Current Liabilities		
Accounts payable and accrued liabilities	64,535	20,864
Promissory notes payable, due April 16, 1984	100,000	20,000
Current obligations under capital leases	2,338	1,239
	166,873	42,103
Obligations Under Capital Leases (note 6)	70,745	34,402
Long Term Debt (note 7)	218,718	92,304
Deferred Revenue	1,338	—
Equity		
Contributed surplus	210,324	204,661
Deficit	(8,802)	(590)
	201,522	204,071
	659,196	372,880
	$ 672,048	$ 388,139
Special Purpose Fund		
Fund Balance (note 12)	$ —	$ 229

Commitments (note 8)

Contingent liability (note 9)

Subsequent event (note 10)

Labour relations (note 11)

BRITISH COLUMBIA TRANSIT

OPERATING DIVISION

Statement of Expenditures and Recoveries

Year Ended March 31, 1984

	1984 ($000)	1983 ($000)
Expenditures		
Transit operations		
Operating and maintenance	$ 158,484	$ 159,179
Vehicle lease fees	8,543	3,364
Property lease fees	3,155	2,271
Interest and financing charges	1,331	1,847
Municipal administration	254	2,976
Merchandising	643	1,239
Other	31	49
	172,441	170,925
Authority administration		
Salaries and employee benefits	2,838	2,676
Office operations	771	756
Professional fees	460	273
Travel	288	281
Marketing	57	125
Personnel	30	37
Directors' fees and expenses	46	62
Depreciation	53	69
Sundry	53	96
	4,596	4,375
Research and demonstration projects	3	67
	177,040	175,367
Recoveries		
Contributions from the Province of British Columbia		
Transit	77,317	76,584
Research and demonstration projects and special services	3	22
Contributions from municipalities		
Transit	32,117	29,452
Research and demonstration projects	—	45
Transit operations	67,603	69,227
interest earned	—	37
	177,040	175,367
Net Expenditures	$ —	$ —

BRITISH COLUMBIA TRANSIT

ASSET DIVISION

Statement of Revenue and Expenditures and Deficit

Year Ended March 31, 1984

	1984	1983
	($000)	($000)
Revenue		
Vehicle lease fees	$ 8,553	$ 3,365
Other lease revenue	3,316	2,468
Financing charges - operating division	1,331	1,847
Interest earned	729	1,557
Other	176	11
	14,105	9,248
Expenditures		
Depreciation	9,943	6,369
Interest	1,225	1,847
Property taxes and other property expenses	2,361	1,794
Interest on obligations under capital leases	6,442	1,506
Property leases	908	709
Vehicle repairs	64	31
Insurance	15	51
Other	204	142
	21,162	12,449
Expenditures before extraordinary item	7,057	3,201
Extraordinary item		
Parts inventory transferred to Metro Transit Operating Company	1,155	800
Net Expenditures	8,212	4,001
Retained Earnings (Deficit) at Beginning of Year	(590)	3,411
Deficit at End of Year	$ 8,802	$ 590

Statement of Contributed Surplus

Year Ended March 31, 1984

Balance at Beginning of Year	$ 204,661	$ 183,031
Appraised value of land improvements and buildings transferred from British Columbia Hydro & Power Authority	—	13,910
Grant from the Province of British Columbia, being equal to interest on the $55,000,000 loan payable to the Province	5,663	7,720
Balance at End of Year	$ 210,324	$ 204,661

BRITISH COLUMBIA TRANSIT

Statement of Changes in Financial Position
Year Ended March 31, 1984

	1984	1983
	($000)	($000)
Cash Derived from		
Operations		
Expenditures before extraordinary item	$ (7,057)	$ (3,201)
Add items not involving cash		
Depreciation	9,996	6,438
Loss on disposal of fixed assets	25	2
Amortization of bond discount	173	—
	3,137	3,239
Increase (decrease) in notes payable	80,000	(35,000)
Increase in accounts payable and accrued liabilities	41,297	16,866
Proceeds on capital lease of vehicles	39,502	27,449
Proceeds on issue of long term debt	126,241	37,304
Increase in deferred revenue	1,499	1,035
Proceeds on disposal of fixed assets	6	2
Decrease in accrued interest and accounts receivable	5,023	3,557
	296,705	54,452
Cash Capital Applied to		
Increase (decrease) in prepaid expenses	473	(17)
Additions to land, buildings and equipment	32,819	23,509
Additions to Advanced Light Rapid Transit	212,113	120,868
Additions to commuter rail	113	1,400
Increase (decrease) in parts inventory	472	(147)
Increase in mortgage receivable	800	—
Increase in debenture sinking fund	399	—
Parts inventory transferred to Metro Transit Operating Company	1,155	800
Principal repayments of obligations under capital leases	2,060	568
	250,404	146,981
Increase (Decrease) in Cash	46,301	(92,529)
Cash at Beginning of Year	12,565	105,094
Cash at End of Year	$ 58,866	$ 12,565

BRITISH COLUMBIA TRANSIT

NOTES TO FINANCIAL STATEMENTS

Year Ended March 31, 1984

1. STATUS OF THE AUTHORITY

The Urban Transit Authority of British Columbia was created by the Province of British Columbia on June 29, 1978 under the Urban Transit Authority Act. The majority of the sections of the Act were brought into force by proclamation on July 20, 1978. During 1982 the title of the Act and the name of the Authority were changed to the British Columbia Transit Act and British Columbia Transit respectively.

2. ACCOUNTING POLICIES

(a) Operating division

The operating division consists of those assets, liabilities, expenditures and recoveries which relate to the provision of transit services and the administrative activities of the Authority, the deficits of which are fully cost-shareable between the participating municipalities and the Province of British Columbia in accordance with the provisions of the British Columbia Transit Act and the related regulations. The vehicle and property lease fees expensed in the operating division are those charged by the asset division for the lease of assets used in transit operations.

(b) Asset division

The asset division consists of those assets, liabilities, revenue and expenditures which relate to the revenue equipment and other physical assets owned by the Authority and leased to its contract operators for use in the provision of transit services.

(c) Fixed assets

Fixed assets have been recorded as follows:

(i) Fixed assets transferred from the Province of British Columbia in fiscal year 1980, at appraised value. This appraisal for revenue vehicles was carried out by General Appraisal of Canada Limited as at June 30, 1979.

(ii) Revenue vehicles acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act, at appraised value. This appraisal was carried out by General Appraisal of Canada Limited as at March 1, 1980.

(iii) Sea-Buses, the South Shore and North Shore Sea-Bus Terminals, acquired from the Province of British Columbia, at appraised value. The appraisal of the seabuses and the South Shore Sea-Bus Terminal was carried out by General Appraisal of Canada Limited as at July 15, 1980. The appraisal of the North Shore Sea-Bus Terminal land was carried out by General Appraisal of Canada Limited as at April 1, 1981 and of the buildings and improvements as at June 30, 1981.

(iv) The trolley overhead system acquired from British Columbia Hydro & Power Authority for nominal value of $10 on January 1, 1984, at nominal value.

(v) Land, land improvements, buildings and equipment acquired from British Columbia Hydro & Power Authority pursuant to the Metro Transit Operating Company Act, at appraised value. The appraisals were carried out by General Appraisal of Canada Limited as at the following dates:

Transit Administration Centre SW Marine Drive	- June 9, 1980
North Shore Bus Garage - land	- April 1, 1981
North Shore Bus Garage - buildings and improvements	- June 30, 1981
Gilmore property - land	- March 15, 1982
Gilmore property - buildings and improvements	- May 15, 1982
Edmonds bus loop - land	- April 1, 1982
Other land	- April 1, 1980
Other buildings and land improvements	- March 1, 1981

All appraisals are fair market value appraisals with the exception of the appraisal of other buildings and land improvements, which are appraised at depreciated replacement cost.

(vi) All costs related to the Advanced Light Rapid Transit (ALRT) and commuter rail projects have been capitalized including interest as indicated in note 2(d). Interest earned on funds received from the Federal and Provincial Governments has been credited to the ALRT project. No depreciation has been provided on these projects.

(vii) All other fixed assets, at cost, including capitalized interest as indicated in note 2(d).

(c) Fixed assets

Depreciation is provided on the straight-line basis using the following annual rates:

Furniture and equipment	10%
Leasehold improvements	20%
Revenue vehicles	
Diesel	5%
Appraised revenue vehicles	Remaining useful life
Vehicles under capital leases	Remaining lease term
Buildings	Remaining useful life
Land improvements	Remaining useful life
Equipment	Remaining useful life

(d) Capitalization of interest and amortization of bond discounts

The Authority follows the policy of capitalizing interest and amortization of bond discounts incurred in connection with capital acquisitions from the date of advance of funds until the assets are placed in service for transit purposes. During the year, interest and amortization of bond discounts on long term debt of $14,831,450 were capitalized.

(e) Government assistance

Government assistance received with respect to the Advanced Light Rapid Transit project has been credited to contributed surplus and will be credited to the project upon completion of construction and commencement of revenue service. To March 31, 1984, the amounts of grants received from the Province of British Columbia and the Federal Government total $73,383,000.

(f) Amortization of bond discounts

Bond discounts are amortized on a straight-line basis over the term of the debt.

3. FIXED ASSETS

	1984			1983
	Carrying value	Accumulated depreciation	Net	Net
	($000)	($000)	($000)	($000)
Furniture and equipment	$ 386	$ 122	$ 264	$ 318
Leasehold improvements	140	64	76	92
	$ 526	$ 186	$ 340	$ 410

4. LAND, BUILDINGS AND EQUIPMENT

	1984			1983
	Carrying value	Accumulated depreciation	Net	Net
	($000)	($000)	($000)	($000)
Land	$ 52,781	$ —	$ 52,781	$ 46,314
Land improvements	4,749	613	4,136	4,240
Buildings	50,644	4,732	45,912	47,319
Revenue vehicles	56,635	15,671	40,964	62,735
Revenue vehicles under capital leases	76,781	5,439	71,342	35,374
Equipment	867	193	674	419
Projects in progress	6,941	—	6,941	1,426
	$ 249,398	$ 26,648	$ 222,750	$ 197,827

5. ADVANCED LIGHT RAPID TRANSIT

	1984	1983
	($000)	($000)
Vehicles	$ 37,270	$ 27,929
Trackwork and equipment	20,749	6,279
Construction		
Guideway	80,064	23,148
Stations	4,372	746
System wide	31,907	5,213
Property and rights-of-way	46,737	25,743
Design engineering and administration	131,700	68,296
	352,799	157,354
Net interest expense	18,033	1,365
	370,832	158,719
Pre-build demonstration	3,602	—
	$ 374,434	$ 158,719

6. OBLIGATIONS UNDER CAPITAL LEASES

The total obligation under capital leases is $73,082,903, of which $2,337,536 is the principal due within one year.

The obligations under capital leases, which mature at various dates from 1993 to 2001, represent the total present value of future minimum lease payments discounted at the interest rates implicit in the leases at the commencement of the lease term. These rates range from 7½% to 18%.

Total minimum lease payments for each of the next five years will be approximately $9,700,000 or a total of $48,500,000. Of these payments, approximately $33,900,000 will constitute interest.

Obligations under capital leases totalling approximately $62,000,000 are guaranteed by the Province of British Columbia.

7. LONG TERM DEBT

	1984 ($000)	1983 ($000)
Prime, less .75% loan payable, Province of British Columbia, interest to be waived as a grant from the Province, principal due on commencement of revenue service of the Advanced Light Rapid Transit system	$ 55,000	$ 55,000
Prime less .75% loan payable, interest payable monthly, principal due August 13, 1985	20,000	20,000
15.54% Debenture, interest payable semi-annually, sinking fund installments of $378,127 payable annually, due September 10, 2002	17,304	17,304
11.53% Debenture, interest payable semi-annually, sinking fund installments of $551,348 payable annually, due May 10, 2003	25,231	—
11.37% Debenture, interest payable semi-annually, sinking fund installments of $152,964 payable annually, due July 8, 2003	7,000	—
11.51% Debenture, interest payable semi-annually, sinking fund installments of $164,130 payable annually, due August 10, 2003	7,511	—
11.65% Debenture, interest payable semi-annually, sinking fund installments of $218,520 payable annually, due November 10, 2003	10,000	—
11.125% Bond payable, interest payable annually, sinking fund installments of $1,841,450 payable annually, due December 1, 1998	50,000	—
8.75% Bond payable, interest payable annually, sinking fund installments of $341,950 payable annually, due January 15, 2009	25,000	—
	217,046	92,304
Less unamortized discount	12,328	—
	204,718	92,304
12.25% Serial debenture, interest payable annually, due January 31, 1996	14,000	—
	$ 218,718	$ 92,304

Long term debt totalling $77,046,000 is secured by guarantee of the Province of British Columbia.

Sinking fund payments due in each of the next five years will be $3,648,489, or a total of $18,242,446.

8. COMMITMENTS

Effective March 31, 1981, the Authority entered into an agreement with Metro Canada Limited for the design and construction of an Advanced Light Rapid Transit system for operation in the Greater Vancouver region. As at March 31, 1984, the total approved price of the project, including design, construction and land acquisition, was approximately $854,400,000, of which $360,100,000 has been incurred to March 31, 1984.

9. CONTINGENT LIABILITY

During 1982 the Authority received $60,000,000 from the Government of Canada to be applied to the Advanced Light Rapid Transit project. The Authority is contingently liable for repayment of some or all of the funds in the event of non-compliance with certain provisions of an agreement dated February 26, 1982.

10. SUBSEQUENT EVENT

On proclamation of the British Columbia Transit Amendment Act on March 22, 1984, the Greater Vancouver and Capital Regional Districts were required to transfer all monies remaining in their municipal Transit Trust Fund to British Columbia Transit. These amounts, totalling $8,280,357 for the Greater Vancouver Regional District and $1,777,910 for the Capital Regional District, were received in April 1984 by British Columbia Transit. The balances in the trust funds after receipt of the power levy and payment of the municipal share of transit for the quarter ended March 31, 1984 were $5,413,242 for the Greater Vancouver Regional District and $1,717,130 for the Capital Regional District.

11. LABOUR RELATIONS

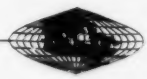
As indicated in the financial statements of Metro Transit Operating Company (MTOC) for the year ended March 31, 1984, MTOC's previous labour contract with the Independent Canadian Transit Union expired on March 31, 1983 and a new agreement is currently being negotiated. While the terms and conditions of this new agreement have not yet been finalized, it is the opinion of MTOC management that there will be no wage or benefit increases for the year ended March 31, 1984. As MTOC operates the transit system in the Greater Vancouver and Capital Regional Districts, the settlement will impact on the cost of transit operations for the year ended March 31, 1984.

12. SPECIAL PURPOSE FUND

During the year, the Special Purpose Fund earned interest of $4,200 and the unexpended balance in the fund of $232,763 was returned to the Province of British Columbia in June 1983.

THORNE RIDDELL

Chartered Accountants



AUDITORS' REPORT

To the Members of the Board of
British Columbia Transit

We have examined the balance sheet of British Columbia Transit as at March 31, 1984 and the statements of operating division expenditures and recoveries, asset division revenue and expenditures and deficit, asset division contributed surplus and the statement of changes in financial position for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of British Columbia Transit as at March 31, 1984 and the results of its operations and the changes in financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Thorne Riddell

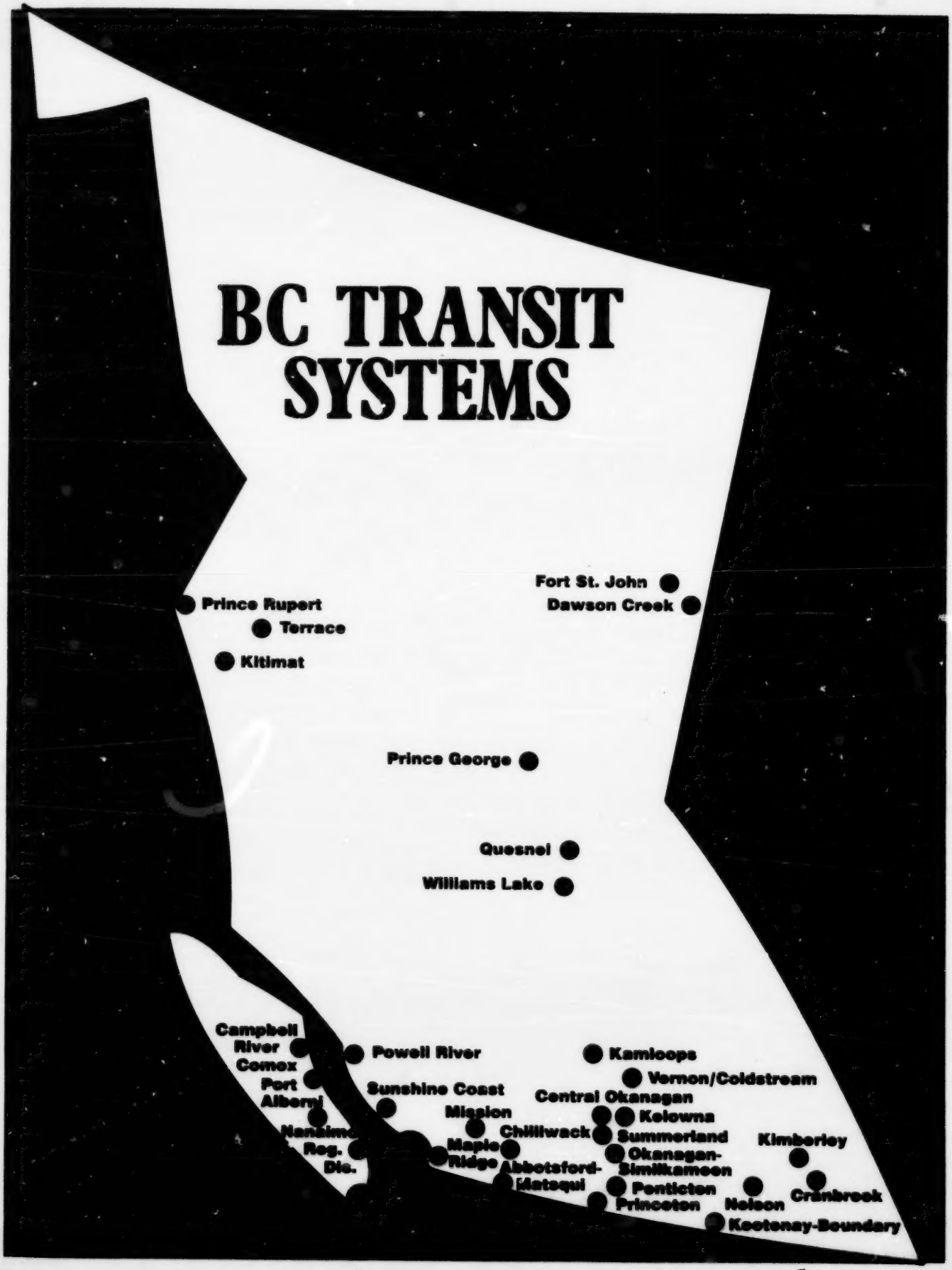
Chartered Accountants

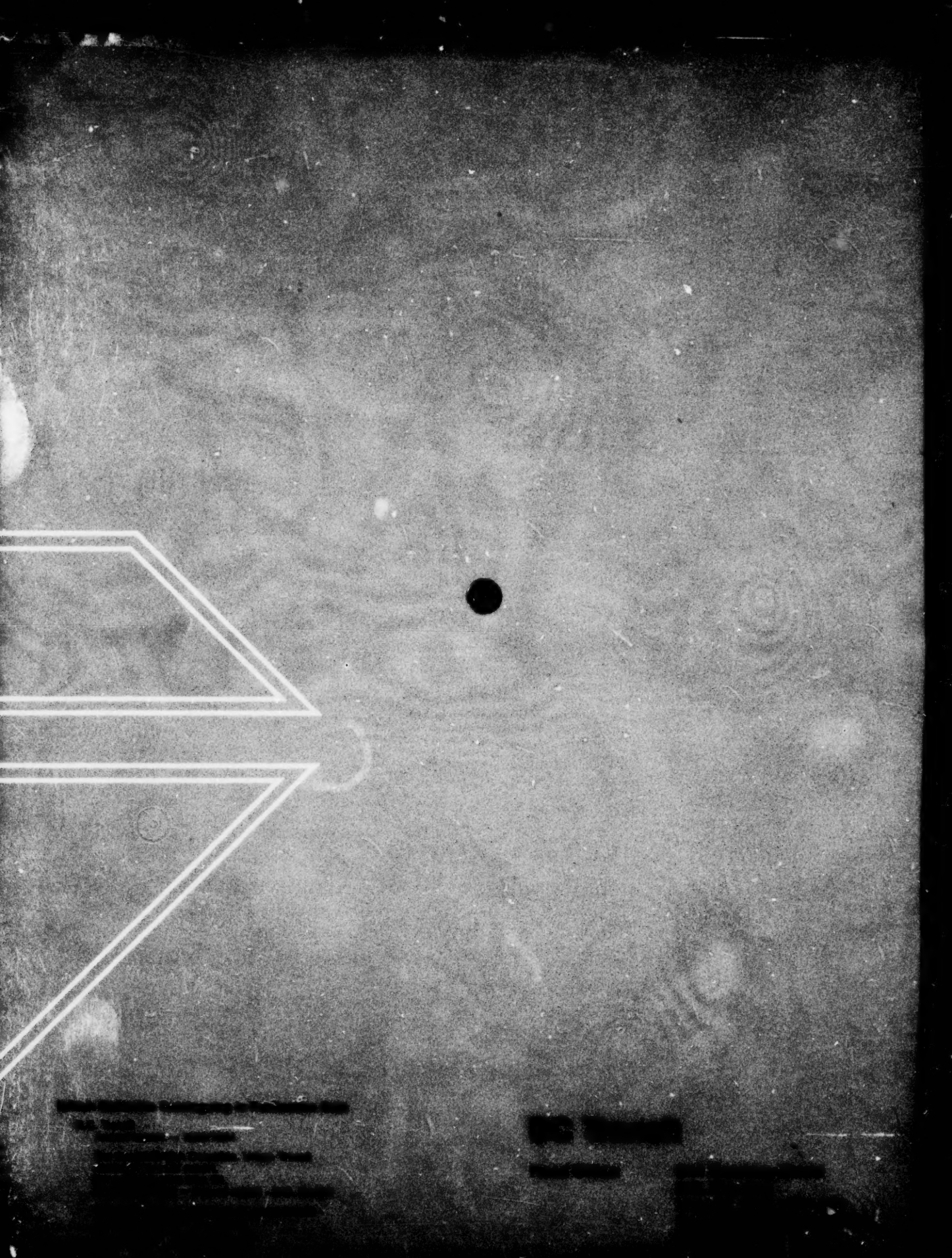
Victoria, Canada
June 8, 1984

Third Floor Royal Bank Building, 707 Fort Street, Victoria, British Columbia, V8W 3G3 / 604/382-8251

International firm KMG Klynveld Main Goerdeler

BC TRANSIT SYSTEMS





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